THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) to (c) Reserve Bank of India (RBI) have reported that the number of industrial units identified as 'sick' by commercial banks in large, medium and small scale sectors as at the end of December, 1985 (latest available) were 637; 1,186 and 1,17,783 respectively of which 221, 341 and 2189 potentially viable units were placed under nursing programme respectively. In all, 10664 sick SSI units and 149 medium and large units were deleted from the list of sick units during the half year ending December, 1985. The deletion may have been for various reasons including that of units having turned the corner. Sick accounts are kept under monitoring by commercial banks and financial institutions. RBI has reported that no separate study had been undertaken so far to find out if industrial units had diverted assistance for purposes other than for which it was meant.

Loan to Bombay Dyeing

2641. SHRI CHIMANBHAI MEHTA: Will the PRIME MINISTER be pleased to refer to the answer to Unstarred Question 1979 given in the Rajya Sabha on 25th November, 1986 and state:

(a) what are the reasons for not obtaining secured mortgage guarantee for the loan of Rs. 18 crores from Bombay Dyeing which is a promoter Company;

(b) what are the latest working results of PT Five Stars Industries Ltd.; and

(c) whether according to Government's latest survey, the loans are recoverable, if not what action Government propose to take against the local promoters and whether Government propose to debar the local promoters for grant of loans in future as stated in reply to Unstarred Question 2047 on 25th November, 1986 in the Rajya Sabha?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) The question of obtaining secured mortgages in India from Indian promoters does not arise as, under the Foreign Exchange Regulation Act, 1973, the persons resident in India are not expected to give such securities in respect of loans taken in Foreign exchange by companies located abroad. In view of this, the consortium of Indian banks which had financed M/s. P.T. Five Star Industries Ltd., Indonesia, did not obtain securities in India from M/s. Bombay Dyeing and Manufacturing Co. Ltd., Bombay who are co-promoters of the joint venture company in Indonesia. The consortium of Indian banks had, however, obtained the usual securities abroad in accordance with the normal banking practices.

(b) According to the Indian Overseas Bank, the operational performance of M/s. P.T. Five Star Industries Ltd. has shown improvement and the company is reported to have made a profit during the year 1986.

(c) The recoverability of the loans essentially depends on the return to viability by the Company. The company is reported to have made, till September, 1986, some repayments to the consortium of banks. The banks are required to follow all the instructions of Reserve Bank of India applicable to joint ventures established by Indian promoters.

Manipulation of R.B.I. guidelines by banks

2642. SHRI J. P. GOYAL: Will the PRIME MINISTER be pleased to state:

(a) whether attention of Government has been drawn to a news item which appeared in the Indian Express dated 19th February, 1987 to the effect that leading foreign and Indian banks have flouted the Reserve Bank of India guidelines through a clever manipulation of public sector bonds;

(b) if so, what are the details in regard thereto; and

(c) what is the reaction of Government in this regard and what action is contemplated in the matter?